

PHASE II SUBMISSION INSTRUCTIONS FOR SBIR AND STTR FY 2004 PHASE I AWARDEES ONLY

1. GENERAL INFORMATION

1.1 Introduction

In order to request further SBIR or STTR funding for the research begun under Phase I in FY 2004, a Phase II grant application must be submitted in accordance with these instructions.

Applications for Phase II must be received **electronically** no later than 8:00 p.m. Eastern Standard Time on April 13, 2005, using the Department of Energy's Industry Interactive Procurement System (IIPS). Further instructions regarding accessing IIPS are provided in Section 5, "Submission of Grant Applications." **Past experience has shown that applicants who submit applications on the deadline date have had great difficulty accessing IIPS and/or experience sluggish connections with the Internet. It is strongly advised that you submit your application during off-peak hours or before the deadline date to avoid a late submission.** Paper applications will not be accepted and returned without review.

An application for Phase II funding must be submitted during this current review cycle to be eligible for Phase II funding, and may not be submitted at a later date nor resubmitted if not selected. Modifications to applications will be accepted if received by the application deadline.

These instructions are supplemental to the DOE/SC-0075 Solicitation; therefore, general information provided in the Solicitation applies to this Phase II process. If a conflict arises, the Phase II instructions will govern.

Applicants that are selected to receive Phase II awards will be required to register in the Central Contractor Registry (CCR) before the award can be definitized by the Contracting Officer. **A grant can not and will not be issued until the awardee has registered in CCR.** To register go to www.ccr.gov.

1.2 Phase II Funding

SBIR and STTR Phase II grant awards are expected to be in amounts up to \$750,000. **Applicants should be aware that the Department reserves the right to adjust the amount of an award (up or down) from that proposed, depending on budget constraints and programmatic priorities.** In such cases, the applicant will be asked to modify the scope of work to reflect the adjusted budget.

1.3 Phase II Cost Strategies

The purpose of Phase II is to perform the research and development required to meet the DOE objectives stated in the technical topic of the Phase I program solicitation. In addition, it is intended that the small business grantee would be in a position to pursue commercial applications of the R&D at the end of Phase II. In many cases, Phase II results in a prototype product or a working process that can be demonstrated to a potential investor or customer (either in the private sector or in the Federal government, including the Department of Energy).

Accordingly, the Phase II grant application should propose a level of effort consistent with these objectives. That is, the cost should be guided by the work required to accomplish the purpose of Phase II as stated above. In the past, most Phase II applications proposed a level of effort at or near DOE's upper limit. Although there is no lower limit, the DOE has funded Phase II grant applications as low as \$250,000 in the recent past.

Applicants should also be aware that, due to the limited availability of funding, the chances of being selected for a Phase II award may decrease as the grant application budget increases.

1.4 Restrictions

1.4.1 Restrictions on Submitting Applications

A Phase II grant application can be submitted only by a DOE SBIR or STTR Phase I awardee from fiscal year 2004, and it must be submitted to the same program (i.e., SBIR or STTR) as the Phase I award was made.

1.4.2 Restrictions on the Principal Investigator

The primary employment of the Principal Investigator (PI) must be with the small business at the time of award and during the conduct of the proposed research. Primary employment means that no less than 20 hours (average) per week is spent in the employment of the small business during the conduct of the project and no more than 19 hours per week spent in the employment of another organization. However, it is acceptable for the PI to be on an unpaid leave-of-absence from another organization during the conduct of the research project. In addition, the PI is expected to devote to the project a considerable part of his or her time. "Considerable" means at least 520 hours, or a minimum of five hours per week for the duration of the project if the project is to be completed in less than 24 months. Applicants must state the duration of the project in weeks, if the project is to be completed in less than 24 months. Also, the source of the PI's compensation for work on the project must be from the small business. Such compensation may be charged to the grant if awarded. In order to ensure appropriate technical guidance for the project, only **one** PI will be accepted per project. Processing of proposals that include co-PIs may be delayed while the error is corrected by the applicant. Before the grant is awarded, the PI will be required to sign a statement certifying adherence to all these requirements.

1.4.3 Restrictions on the Level of Small Business Participation

SBIR - At least 50 percent of the research or analytical effort must be performed by the small business. Accordingly, at least 50 percent of the funding requested on the budget form (line K of the SBIR/STTR Grant Application Budget), excluding any purchased or leased equipment, materials, and supplies (whether purchased by the applicant or a subcontractor), must be allocated to the small business.

STTR - STTR awards will be made to small businesses for cooperative R&D to be conducted jointly with a research institution. At least 40 percent of the work must be performed by the small business, and at least 30 percent of the work must be performed by **a single** research institution. The research institution must be the same as that used in the Phase I research, except under very unusual circumstances, which must be explained and approved by the DOE Project Officer. Accordingly, at least 40 percent of the funding requested on the budget form (Line K of the SBIR/STTR Grant Application Budget), excluding any purchased or leased equipment, materials, and supplies (whether purchased by the applicant, the research

institution, or a subcontractor), must be allocated to the small business, and at least 30 percent must be allocated to a research institution.

2. PHASE II GRANT APPLICATION FORMAT

Grant applications must provide sufficient information to convince DOE and members of the research community who review the grant application that it is worthy of support under the stated evaluation criteria in Section 3. The work proposed in Phase II, assuming that it proceeds successfully, should be suitable in nature for subsequent progression into Phase III. Although there is no page limitation, it should be written succinct and easy to follow. The grant application must include each item described in Section 2.

The grant application should consist of a minimum of two files; 1) Technical Proposal, and 2) Required Forms. The technical proposal portion of the application should include information addressing the items in Section 2.1 through 2.2.9 in the order shown using the headings given. The first page of the technical proposal should contain a table of contents and begin on page 6 to allow for the required forms, which are automatically numbered from 1-5. More information regarding the required forms is in Section 2.3. Examples of additional files would be budget explanation page, letters of commitment from consultants and/or subcontractors, and letters of Phase II and III funding commitments.

2.1 Significance, Background Information, and Technical Approach

- 2.1.1 Identification and Significance of the Problem or Opportunity, and Technical Approach - Define the specific technical problem or opportunity addressed by your application. Provide enough background information, so that the importance of the problem/opportunity is clear. Indicate the overall technical approach to the problem/opportunity and the part that the proposed research plays in providing needed results.
- 2.1.2 Anticipated Public Benefits - Discuss the technical, economic, social, and other benefits to the public as a whole, if the project is successful and is carried over into Phase III. Identify specific groups in the commercial sector as well as the Federal government that would benefit from the projected results. Describe the resultant product or process, the likelihood that it could lead to a marketable product, and the significance of the market.
- 2.1.3 Degree to which Phase I has Demonstrated Technical Feasibility - Discuss the purpose of your Phase I research, the research carried out, the research findings or results, and your estimate of technical feasibility. In particular, address the degree to which the Phase I objectives have been met.

The Phase II application should be a self-contained document and should include all relevant information concerning the research carried out in Phase I. Technical reviewers are not always the same as used in Phase I, therefore, may not be familiar with the Phase I application.

2.2 The Phase II Project

- 2.2.1 Technical Objectives - State the specific technical objectives of the Phase II research and development.
- 2.2.2 Work Plan - Provide an explicit, detailed description of the Phase II research approach and work to be performed. Indicate what will be done, by whom (small business, subcontractors, or consultants) where it will be done, and how the work will be carried out.

Link the work plan to the objectives of the proposed project. Discuss methods planned to achieve each objective or task explicitly and in detail. Be sure to address how the research or research and development effort could lead to a product, process, or service in Phase III. Show how the management direction and control of the project will be assured. Regardless of the proportion of the work or funding of each of the performers under the grant, the small business is to be the primary grantee with overall responsibility for its performance.

Section 2.2.2 should be a substantial part of the technical proposal.

- 2.2.3 Performance Schedule - Briefly describe the important milestones and the estimated amount of time for completing each task described in the work plan.
- 2.2.4 Principal Investigator and other Key Personnel - The Principal Investigator (PI) is the key individual designated by the applicant to direct the project. The PI must be knowledgeable of the critical technical aspects of the grant application and be capable of leading the research effort in the United States. A resume of the PI, including a list of relevant publications (if any), must be included. Because the DOE's evaluation of the grant application is critically dependent on the qualifications of the PI, changes in the PI after award selection are strongly discouraged. The original PI is expected to complete work on the grant. Requests for changes in PI will be closely scrutinized and not routinely granted. Identify other key personnel involved in the Phase II effort including information on directly related education and experience. List relevant publications by key personnel. Key personnel must be aware that they are included in the grant application and must agree to perform the work if awarded.
- 2.2.5 Facilities/Equipment - Describe available equipment and physical facilities necessary to carry out the Phase II effort. Equipment is defined as an article of tangible, nonexpendable, personal property, including exempt property, charged directly to the award, having a useful life of more than one year and an acquisition cost of \$5000 per unit or more. Items of equipment to be leased or purchased must be described and justified in this section. Title to equipment purchased under this award lies with the government. It may be transferred to the grantee where such transfer would be more cost effective than recovery of the property by the government. Awardees wishing to obtain title should contact their Contract Specialist prior to project completion for the procedure to follow.

If the equipment, instrumentation, and facilities are not the property of the applicant and are not to be purchased or leased, the source must be identified and their availability and expected costs specifically confirmed in this section. A principal of the organization that owns or operates the facilities/equipment, must provide verification regarding the availability and cost of facilities/equipment and any associated technician cost. Small businesses may get credit for obtaining this equipment as an in-kind Phase II commercial contribution (as described in Section 2.2.8.)

To the extent possible in keeping with the overall purposes of the program, only American-made equipment and products should be purchased with financial assistance provided under the Phase II awards.

- 2.2.6 Consultants and Subcontractors - Involvement of universities, national laboratories, or other consultants is permitted provided the work is performed in the United States. If consultants and/or subcontractors are to be used, this section must identify them by name, identify whether the party is being proposed as a consultant versus as a subcontractor.

The technical proposal portion of the grant application must also contain a “Letter of Commitment” from the consultant or subcontractor stating that they have agreed to serve in the manner and to the extent described in the “Work Plan” section of the technical proposal. This letter **must also include a breakdown of costs** and be signed by the consultant or subcontractor or authorizing party, certifying their availability and salary (for consultants). Note: Consultants are not employees of either the small business or any subcontractor. For STTR grant applications, the signature of the Research Institution on the Cover Page (Appendix A of Required Forms) will be accepted in place of a letter from the institution; however, a breakdown of costs must still be submitted in the technical proposal. If using a consultant in an STTR application, you still need to provide a letter of commitment from the consultant. The letter of commitment, if applicable, should be included in the technical proposal portion of your grant application, OR may be submitted as a separate attachment to the grant application.

2.2.7 Commercialization Plan – A succinct commercialization plan must be included in the Phase II grant application. This information will be considered as part of the evaluation criterion on “Impact.” Elements of the plan should include:

- (i) **Company Information**: Describe core competencies; size; specialization areas; products with significant sales; and history of previous Federal and non-federal funding, regulatory experience, and subsequent commercialization. For history of previous funding, please provide a table which includes: the title of the project, the source of funding (if Federal, please indicate whether SBIR or STTR or other), the year the funding was received, the total sales of the resulting product or service (include sales by your company or any licensee, and identify the licensee), and the total revenues obtained for pursuit of commercialization (identify sources of these revenues).
- (ii) **Market**: Analyses of market size, and estimated market share after first year sales and after 5 years.
- (iii) **Intellectual Property**: Patent status, technology lead, trade secrets or other demonstration of a plan to achieve sufficient protection to realize the commercialization stage.

2.2.8 Phase II Funding Commitment (Commercial Contribution) - While not a requirement to obtain Phase II funding, applicants are strongly encouraged to submit a Phase II commitment from private sector or non-SBIR/STTR funding sources which will be considered as part of the evaluation criterion on “Impact.” To receive full credit, the Phase II funding commitment must be an additional 20 percent or more of the Phase II funding requested from the DOE and provided to or by the small business concern during the Phase II project period.

Partial credit will be given for commitments that are less than 20 percent. The funds must be used for research or research and development in an expanded Phase II project (i.e., expanded by the amount of the commercial contribution), and the funds cannot be contingent on meeting technical objectives in Phase II. In-kind contributions are allowed; however, the applicant or donor must estimate the dollar value of any in-kind contribution. Letters merely expressing interest or intent without making a firm commitment, as described above, will receive no credit under this evaluation sub-criterion. The Phase II commitment must be submitted with the Phase II grant application either as a separate attachment or included in the technical proposal. It must also be described in the “Work Plan” section of the technical proposal. **The amount of the commercial contribution should NOT appear on the budget page.**

2.2.9 Phase III Follow-On Funding Commitment - Applicants may submit a Phase III commitment which will be considered as part of the evaluation criterion on Impact. To receive full credit, the Phase III follow-on funding commitment must provide that a specific dollar amount of funds (at least one-half of that requested from DOE for Phase II) will be made available to or by the small business. Partial credit may be given for smaller commitments. The commitment must be signed by a person with the authority to make it, indicate when the funds will be made available, and contain specific technical objectives which, if achieved in Phase II, will make the commitment exercisable by the applicant. If the commitment is firm regardless of technical objectives achieved, it should so state. The commitment may include: (1) third party financing; (2) self-financing (in which case the proposing small business must demonstrate the ability to provide the Phase III funding); (3) state or local government financing; and (4) federal funding. In-kind contributions are allowed; however, the applicant or donor must estimate the dollar value of any in-kind contributions. The Phase III funding cannot be contingent on obtaining a patent because of the length of time this process requires. Letters merely expressing interest or intent without making a firm commitment, as described above, will receive no credit under this evaluation sub-criterion. The Phase III commitment must be submitted with the Phase II grant application either as a separate attachment or included in the technical proposal. It must also be referenced in the text in the "Work Plan" section.

2.3 Required Forms

The required forms are posted on IIPS at the bottom of the Phase II funding opportunity notice under "URL Links," which is described further in Section 5. You must scroll to the bottom of the notice to find "URL Links." The required forms are all contained in one document are available in PDF or Word and are fillable forms that can be downloaded to your computer and filled out. You can save them to your computer and fill them out on your own time. You do not need to be logged into IIPS to complete the forms, however, it is the only place you can access the required forms. **DO NOT USE THE STANDARD IIPS FORMS.**

2.3.1 Cover Page – Appendix A (Page 1 of 5 of the required forms)

To be eligible to receive a Phase II grant, an answer of "Yes" to Certifications 1 through 3 is required. If the DOE learns from any source that any of these certifications were completed fraudulently, appropriate authorities will be notified for possible criminal investigations.

Signatures of the small business certifying official and the principal investigator are mandatory. For electronic purposes, we will accept the names typed in all capital letters into the signature blocks. All signatures on the cover page, including that of the authorized representative of the Research Institution (for STTR), if applicable, are subject to verification by the Contracting Officer if selected for award.

2.3.2 Technical Abstract Page (Appendix B - page 2 of 5 of required forms) - Please use the latest version of your Project Summary from the SBIR/STTR website www.science.doe.gov/sbir under "Awards" and update for your Phase II application. Cut and paste or retype the information into the Technical Abstract page, which is the second page of the required forms. **Do not include proprietary information as this may be released to the public.**

The purpose of the project summary is to communicate the overall sense of the project, not every step of the work plan or every accomplishment in Phase I. Statements of future applications or benefits belong in the section on Commercial Applications and Other Benefits. **Do not use acronyms, abbreviations, first-person references, or any proper names**

(including the name of the small business, any subcontractors or institutions, or any trade or product name).

The Department notifies members of Congress of awards in their districts. Therefore, please provide, in clear and concise **layman's** terms, a very brief summary (maximum 2 sentences, 50 words) of the project, suitable for a possible press release from a Congressional office.

Suggested Format: First Sentence--State the problem being addressed so that the research need is clear. Second Sentence--State what is being done to address the problem.

- 2.3.3 Budget (Appendix C, page 3 of 5 of required forms) - Complete the SBIR or STTR Grant Application Budget. No other budget form is acceptable and no revisions to the actual budget form shall be made by the applicant. An example of a completed budget form may also be found as a separate link in IIPS funding notice under "URL Links." A Budget Explanation Page shall also be included as part of your technical proposal or a separate attachment to explain and support each proposed cost. The format of the Budget Explanation Page is at the discretion of the applicant. If selected for award, further detail supporting the budget will likely be required by the Contracting Office.
- 2.3.3.1 **A minimum of 50 percent (for STTR: 40 percent by the small business and 30 percent by a single research institution) of the funded research or analytical effort must be performed by the proposing small business. The funded research or analytical effort is defined as the total requested funding minus the cost of any purchased or leased equipment, materials, and supplies (whether purchased by the applicant or a subcontractor).** A "Level of Effort Worksheet" is provided as page 5 of the required forms to ensure compliance with this requirement. This worksheet will automatically compute based on the numbers entered into Appendix C, the Budget page.
- 2.3.3.2 Identify all small business personnel (Section A) and consultants (Section B) participating in the Phase II project on the budget form. As stated in Section 1.4.2, the PI is expected to devote to the project at least 520 hours, or a minimum of five hours per week for the duration of the project if the project is to be completed in less than 24 months.
- 2.3.3.3 List any equipment to be leased or purchased by the applicant in Sections C or D. (If equipment is to be leased or purchased by a subcontractor, the cost should be included in the subcontract and the equipment must be itemized on a "Budget Explanation Page.") All equipment will be carefully reviewed relative to need and appropriateness for the research or R&D proposed. (Equipment is defined as an article of tangible nonexpendable personal property including exempt property charged directly to the award having a life of more than one year and an acquisition cost of \$5,000 per unit or more).
- 2.3.3.4 Travel funds, Section E, must be justified and related **to the needs of the project**. Please provide a written justification on the "Budget Explanation Page." Travel expenses for technical conferences are not permitted unless the purpose of attending the conference directly relates to the project (e.g., to present results of the project). **Foreign travel is not normally an appropriate expense.**
- 2.3.3.5 In Section F, include only items which are to be acquired from outside the small business. Identify the research institution, if any, on line F5 and any other subcontractors on line F6. On line F6, identify separately the amount of subcontract

work to be performed by each subcontractor. A detailed budget for each subcontract should be provided to the applicant by the proposed subcontractor, supported by a "Budget Explanation Page," and included with the application. In particular, the amount of any equipment, materials, and supplies to be purchased or leased by each subcontractor must be identified on the "Budget Explanation Page."

- 2.3.3.6 Phase II grant funds may be used to pay up to \$10,000 in patent filing fees and related filing expenses for the first U.S. patent for subject inventions developed under the Phase I or Phase II projects. If this cost is included in the budget, it must be entered on the budget page in Section F, "Other Direct Costs," on line 7. In the event some or all of the amount listed is not expended on a patent filing, the remaining funds may be budgeted to other allowable project costs.
- 2.3.3.7 The Phase II application budget may include a profit or fee for the small business, and this should appear on line J.
- 2.3.3.8 The sum of lines I and J should represent the entire cost of the proposed project. Line K must match the amount requested on the cover page, and should not exceed \$750,000.
- 2.3.3.9 Tuition expenses are allowable only if requested from a subcontractor that is a university as long as the amount requested for tuition is reasonable and comparable to what a student would be paid for performing research during the grant period.
- 2.3.3.10 The government will only pay allowable costs. These are available on the Web at <http://www.arnet.gov/far/loadmainre.html> under "Part 31 - Contract Cost Principles and Procedures," or a copy may be purchased from the Superintendent of Documents, U.S. Government Printing Office, P.O. Box 371954, Pittsburgh, PA 15250-7954. Telephone: 202-512-1800.

Note: If your application is selected for award, the contracting officer will need additional supporting information. That office will provide you with specific instructions regarding the information to be submitted.

3. METHOD OF SELECTION AND EVALUATION CRITERIA

The Phase II grant application must contain enough information on progress accomplished under Phase I, by the time of Phase II grant application submission, to enable an evaluation of the project's promise if continued into Phase II. The Phase II grant application will be evaluated using the following criteria, each weighted equally:

1. **Strength of the scientific/technical approach** as evidenced by: (1) the strength and innovativeness of the overall idea and approach for the combined Phase I/Phase II project, (2) the significance of the scientific or technical challenge, and (3) the thoroughness of the presentation.
2. **Ability to carry out the project in a cost effective manner** as evidenced by: (1) the qualifications of the Principal Investigator, other key staff, consultants and subcontractors, if any, and the level of adequacy of equipment and facilities; (2) the soundness and level of adequacy of the work plan to meet the problem or opportunity; (3) with regard to the Phase I objectives, the degree to which Phase I has proven feasibility of the concepts; and (4) the degree to which the DOE investment in the project would

be justified by the level of proposed research effort.

3. **Impact** as evidenced by: (1) the significance of the technical and/or economic benefits of the proposed work, if successful, (2) the likelihood that the proposed work could lead to a marketable product or process, and (3) the likelihood that the project could attract further development funding after the SBIR or STTR project ends. The following evidence will be considered when evaluating sub criterion 3 of the Impact criterion: (3a) the information contained in the company's commercialization plan, including past history of commercializing SBIR/STTR or other research, (3b) the existence of Phase II funding commitments from the applicant, other private sector, or non-SBIR/STTR funding sources, and (3c) Phase III follow-on funding commitments for the subject of the research.

Sub criterion 3 under Impact, including (3a), (3b), and (3c), will count as one-half of the Impact criterion.

Phase II grant applications will be subject to a detailed technical evaluation by experts, both inside and outside the Government. The DOE will not fund any grant application for which there is reservation with respect to any of the three evaluation criteria, as determined by the review process. In addition, because the DOE supports only high quality research and development, grant applications will be considered candidates for funding only if they receive strong endorsements with respect to at least two of the three criteria.

Those grant applications that are candidates for funding are divided among the DOE program areas according to the technical topic to which the application was submitted in Phase I. The programs then rank their candidate grant applications based on the evaluation criteria and on such factors as program balance and needs. Selections are made from this ranked list until the program's SBIR/STTR Phase II budget is exhausted.

4. CONSIDERATIONS

4.1 Awards

It is anticipated that one-third to one-half of the Phase I awardees will receive Phase II awards, depending on the results of the Phase I effort and the availability of funds. Phase II funds will be obligated over a two-year performance period for the grant; approximately half of the funds are expected to be obligated each year.

In order to begin the Phase II project as soon as possible after applicants are notified of having been selected for Phase II funding, an amendment to the grant will be issued to provide funding for approximately four months of the Phase II effort. Approximately one-sixth of the requested amount will be obligated. During this period, the Phase II portion of the grant will be negotiated.

4.2 Certifications

If selected for award, you may be required to complete the following certifications. The Contracting Office will request any required certifications during award negotiations. DO NOT send them as part of your Phase II application.

- [Certifications Regarding Lobbying; Debarment, Suspension, and Other Responsibility Matters; and Drug-Free Workplace Requirements](#)
- [Disclosure of Lobbying Activities](#)
- [Assurance of Compliance—Nondiscrimination in Federally Assisted Programs](#)
- [PI Certification](#)

4.3 Reports

Those receiving Phase II awards will be required to provide informal semi-annual technical progress reports during Phase II, and a final scientific/technical report at the completion of the project. The progress reports should address both the program status and business status, as described in 10 CFR 600.341 (1). A reporting checklist indicating the types and due dates for these and other required reports will be provided to awardees in the funding agreement negotiated by the Contracting Office.

Each year after completion of the project, for at least three years, grantees will also be requested to provide reports on: (1) the sources and amounts of any non-Federal funding or non-SBIR/STTR Federal funding to support commercialization or further development of the research funded under this grant, and (2) any sales, by grantees or their licensees, of products or services derived from the technology developed in the Phase II project.

4.4 Financial Management for Phase II

If the grantee intends to submit a Phase II grant application, it should begin the process of assuring a satisfactory financial management system **in advance of the submission of the application**.

At a minimum, the system must provide for: (1) accurate, current, and complete disclosure of the financial results of each project; (2) records that identify the source and application of funds for the financially assisted project, including information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, outlays, income, and liabilities; (3) effective control over and accountability for all such funds, property (including exempt property), and assets, and assurance that they are used solely for authorized purposes; (4) comparison of actual expenditures with approved budget amounts for each grant; (5) procedures for determining the reasonableness, allowability, and allocability of costs in accordance with the provisions of the applicable Federal cost principles found in the Federal Acquisition Regulation (FAR), Part 31; (6) accounting records that are supported by source documentation, such as canceled checks, paid bills, payrolls, contract documents, etc.; and (7) a systematic method to assure timely and appropriate resolution and settlement of audit findings and recommendations pertaining to subcontractors.

A review may be performed of a recipient's financial management system as part of a pre-award review or at any time subsequent to award. To the extent possible, readily available sources of information, such as previous audit reports, will be relied upon to make any pre-award assessment of the applicant's financial management system. Additional information will be sought from the recipient, or an on-site pre-award review will be performed, only if it is necessary to assure prudent management of DOE funds. The Department of Energy assumes no liability for costs incurred in the establishment of a financial management system sufficient for a Government grant.

Indirect costs are normally a component of a Phase II project budget and derive from an applicant's 'Indirect Rate(s)', established in accordance with its financial management system. Experience has shown that creating and supporting these rates can be one of the most problematic elements of a Phase II budget, and the subsequent negotiation of costs for the Phase II project. Applicants are encouraged to be proactive in ensuring that all proposed rates are established timely and in accordance with applicable cost principles.

5. SUBMISSION OF GRANT APPLICATIONS

Grant applications will be accepted electronically using the DOE's Industry Interactive Procurement System (IIPS). Applicants will be required to obtain a Dunn and Bradstreet Universal Number (DUNS) in order to apply and also need to be registered in the Central Contractor Registry (CCR) prior to award if selected. To receive a DUNS number at no cost, call toll free 1-866-705-5711. To register in CCR, go to www.ccr.gov.

Past experience has shown that applicants who submit applications on the deadline date have had great difficulty accessing IIPS and/or experience sluggish connections with the Internet. It is strongly advised that you submit your application during off-peak hours or before the deadline date to avoid a late submission. Paper applications will not be accepted and returned without review.

Prepare the technical proposal portion of your grant application and the required forms (which can be downloaded from IIPS) in accordance with the instructions in this announcement prior to starting the transmission process. Submit the entire application package in one IIPS session (i.e., do not logoff before all the files are submitted).

Step 1 - Go to <http://e-center.doe.gov> or <http://e-center2.doe.gov>.

Step 2 – Browse to find the **SBIR/STTR Phase II Grant Application Opportunity** folder number DE-FG01-05ER05-15. Click on the line to open the opportunity.

Step 3 – Scroll to bottom of opportunity notice to “URL Links” and click on “Grant Application Forms.” Download and fill out. Save to your computer to attach when submitting.

Step 4 – Click on Create application. Scroll to bottom, upload technical portion of your application in the box that is labeled "Application/Pre-Application." Attach required forms in the box labeled "Attachment 1." You may use the budget explanation page box; otherwise, **ignore all of the other boxes.**

Step 5 - Click Submit.

Special considerations:

In the event that duplicate applications are received, only the application with the latest transmission time stamp will be accepted.

If you submit a revised application, please type REVISED in the subject field of the IIPS cover page and in the title of the project. Also, mark the top of your technical proposal as REVISED.

Applications submitted through IIPS constitute submission of electronically signed applications. The name of the authorized organizational representative (i.e., the administrative official, who, on behalf of the proposing organization, is authorized to make certifications and assurances or to commit the applicant to the conduct of a project) must be typed in the signature block in all capital letters on the form to be accepted as an electronic signature. Do not submit a scanned copy of the signed document. All signatures, including that of the authorized representative of the Research Institution (for STTR), if applicable, are subject to verification by the contracting officer if selected for award.